

What To Tell Your New Employee

What do you say when the 20-year-old young man you've just hired asks: "Why must you deduct Social Security from my pay now? I'm a long way from retiring?"

It's important that your new employee understands that Social Security taxes (also known as F.I.C.A. tax) will be deducted from his salary for as long as he works in a job that's covered by Social Security. It's even more important that your employee knows the value of Social Security in his life.

Although the young man is a long way from retirement, he may not be a long way from disability. Studies show that a 20-year-old worker stands a nearly 1-in-3 chance of becoming disabled before reaching age 65. A person under age 24 who becomes disabled could begin receiving cash benefits after just 18 months of work. Few workers have private, long-term disability insurance; but nearly all workers have Social Security disability protection. More than 4 million disabled workers under age 65 and 1.7 million dependents (including more than a million children) receive Social Security.

Monthly disability benefits could, over the years, equal more than a \$200,000 disability policy for a worker with an average income who has a spouse and two small children.

Although people don't like to think of death, especially when they're young, they need to understand the value of Social Security survivors benefits. More than 7.4 million people are receiving survivors benefits because a wage earner in their family has died. Monthly Social Security survivors benefits for a worker with an average income who leaves a spouse

and two small children could, over the years, equal a \$322,000 life insurance policy.

And some day, our young worker who doesn't want the Social Security deductions now, will retire and enjoy the fruits of his labor. Although Social Security isn't intended to be his sole source of retirement income, the young man should consider its value as he plans his financial future. By the year 2000, all workers will automatically receive an annual statement from Social Security showing the amount of earnings posted to their record and an estimate of the benefits they and their family are eligible to receive.

In the meantime, a worker can request this information by calling Social Security's toll-free number, **1-800-772-1213**, at anytime

to ask for a *Request for Personal Earnings and Benefit Estimate Statement*. The form is also available at this Internet address: <http://www.ssa.gov>.

